



February 10, 2016

Technical Director
File Reference No. 2015-340
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

Submitted via email to director@fasb.org

Re: Proposed Accounting Standard Update: Government Assistance (Topic 832) – Disclosures by Business Entities about Government Assistance

Dear Technical Director:

The Virginia Society of CPAs (VSCPA) Accounting and Auditing Advisory Committee has reviewed the proposed Exposure Draft, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance* issued by the Financial Accounting Standards Board (the Board). The VSCPA is a leading professional association dedicated to enhancing the success of all CPAs and their profession by communicating information and vision, promoting professionalism, and advocating members' interests. The VSCPA membership consists of more than 11,000 individual members who actively work in public accounting, private industry, government and education. We appreciate the work the Board has undertaken on this effort and the opportunity to respond to this Exposure Draft.

The VSCPA offers the following comments related to the "Questions for Respondents" section of the ED:

Question 1 - Do you agree that the scope of the amendments in this proposed Update should be limited to legally enforceable agreements in which an entity or entities receive value from a government? Do you also agree that the scope of the proposed amendments should not apply to transactions in which the government is (a) legally required to provide a nondiscretionary level of assistance to an entity simply because the entity meets applicable eligibility requirements that are broadly available without specific agreement between the entity and the government or (b) solely a customer? If not, what other types of arrangements should be included in or excluded from the scope of the amendments in this proposed Update? Explain why.

We support the Board's position that the scope of the amendments in the proposed Update be limited to legally enforceable agreements in which an entity or entities receive value from a government. Also, we agree that the proposed amendments exclude transactions in which the government is "legally required to provide a nondiscretionary level of assistance to an entity simply because an entity meets applicable eligibility requirements that are broadly available without specific agreement between the entity and the government," and in which the government is solely a customer.

Question 2 - Do you agree that the proposed disclosure requirements should be the same for both domestic assistance and foreign assistance? If not, please explain why and what proposed disclosure requirements you believe should differ. Are there any unique types of foreign assistance that should be considered? If so, explain why and be specific about any unique types of foreign assistance.

We agree that the proposed disclosure requirements should be the same for both domestic and foreign assistance.

Question 3 - Do you agree that the scope of the proposed amendments should not exclude government assistance agreements that are within the scope of Topic 740, Income Taxes? If not, explain why.

We agree that the scope of the proposed amendments should not exclude government assistance agreements that are within the scope of Topic 740, Income Taxes.

Question 4 - Do you agree that the scope of the proposed amendments should exclude NFP entities? Alternatively, should any proposed disclosure requirement(s) be applied by NFP entities? If so, specify which proposed disclosure requirement(s) and explain why.

We agree that the scope of the proposed amendments should exclude NFP entities that are already covered under Topic 958, Not-for-Profit Entities and none of the proposed disclosure requirements should be applied by NFP entities.

Question 5 - Are the proposed scope and disclosure requirements operable and auditable? Do your existing information sets and systems, internal controls, and so forth capture the information required to be disclosed by the proposed amendments? If not, which aspects of the scope or disclosures pose operability, auditability, and/or cost issues and why?

Although we concur with the Board's position that the lack of guidance has resulted in a diversity of practice and lack of useful information, we do have some concerns regarding the cost and complexity that may be involved in quantifying amounts of benefits received but not recognized in the financial statements. As such, this may result in an entity having to design new controls to capture the data in order to allow for the necessary financial statement disclosures and could also call in to question the auditability of the data if there are not proper controls in place.

Question 6 - Do you agree that an entity should be required to disclose, unless impracticable, the amount of government assistance received but not recognized directly in any financial statement line item? If not, explain why.

See response to Question 5.

Question 7 - For preparers, are there any restrictions (legal or otherwise) that exist in government assistance agreements that would preclude an entity (for example, confidentiality or proprietary reasons) from disclosing the information required by the amendments in this proposed Update? If so, specify what those restrictions are, whether they relate to foreign or domestic assistance, and which proposed disclosures cause concern and why.

We acknowledge that there may be restrictions (legal or otherwise) that could exist in government assistance agreements that would preclude an entity from disclosing the information required by the amendments in this proposed Update. Perhaps, consideration should be given to disclose in narrative form the existence of such agreements that would not violate legal and/or confidentiality requirements if the situation precludes an entity from complying with the proposed amendments.

Question 8 - For users, do you agree that the information required by the proposed amendments would improve transparency about government assistance agreements? Is the information required by the proposed amendments important for your analysis of an entity? If so, specify which disclosures and why. If not, identify the disclosures and explain why. Is there additional information that should be required to be disclosed in the notes to financial statements? If so, be specific.

We agree with the Board's position that the proposed amendments would enhance a user's ability to evaluate the overall effect of government assistance on an entity, observe trends over time, make comparisons to other companies and make informed decisions about an entity. We believe the four disclosure requirements as required by the proposed amendment are important for an analysis of an entity, however we are concerned about the cost and complexity regarding the disclosure requirement as it relates to the amount of government assistance not recognized directly in any financial statement line item, unless impractical.

Question 9 - The proposed amendments would not amend Topic 270, Interim Reporting, to add any specific interim disclosure requirements. Instead, required interim disclosures about government assistance would be limited to material changes occurring since the most recent annual period. Should the proposed amendments include additional interim disclosure requirements? If so, what disclosures do you think should be added and why?

We agree that the propose amendments would not amend Topic 270, Interim Reporting, to add any specific interim disclosure requirements unless there were material changes that occurred since the most recent annual period.

Question 10 - Do you agree that the amendments in this proposed Update should be applied to all agreements (a) existing at the effective date and (b) entered into after the effective date with retrospective application permitted? If not, explain why.

We agree that the amendments in this proposed Update should be applied both to all agreements that existed at the effective date and those entered into after the effective date with retrospective application permitted.

Question 11 - The proposed amendments would apply to both public business entities and nonpublic business entities (private companies). Should the proposed amendments be different for nonpublic business entities? If so, describe why and how you think they should be different.

We agree that the proposed amendments would apply to both public business entities and nonpublic business entities (private companies) with not differences for nonpublic business entities.

Question 12 - How much time would preparers need to implement the proposed amendments? Should the amount of time needed to implement the proposed amendments by entities that are not public business entities be different from the amount of time needed by public business entities?

We feel that the Board should consider allowing for adequate time for implementation of the proposed amendments, especially with respect to entities that are not public business entities as they most likely will not have the resources of a public business entity and may need additional time to design and implement controls to capture the necessary data to comply with the proposed amendments. Perhaps one year to implement for public business entities and two years to implement for not public business entities.

We support the Board's efforts to improve transparency about government assistance to businesses. The lack of authoritative guidance has resulted in diversity in practice around recognizing and reporting on government assistance arrangements and the proposed required disclosures should allow for more useful information for the analysis of an entity's financial results and future cash flows by users of financial statements.

Again, the VSCPA appreciates the opportunity to respond to the ED. Please direct any questions or concerns to VSCPA Vice President of Advocacy Emily Walker at ewalker@vscca.com or (804) 612-9428.

Sincerely,



Charles M. Valadez, CPA, CGMA
Chair

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